

**STATE OF CALIFORNIA  
DEPARTMENT OF MANAGED HEALTH CARE  
HEALTH CARE SERVICE PLAN**

1

## QUARTERLY FINANCIAL REPORTING FORM

Submitted on 5/17/2004 4:06:19 PM

		1
1.	FOR THE QUARTER ENDING:	March 31, 2004
2.	Name:	<b>Private Medical-Care, Inc.</b>
3.	File Number:(Enter last three digits)                      933-0	<b>079</b>
4.	Date Incorporated or Organized:	August 13, 1968
5.	Date Licensed as a HCSP:	November 1, 1969
6.	Date Federally Qualified as a HCSP:	N/A
7.	Date Commenced Operation:	November 1, 1969
8.	Mailing Address:	12898 Towne Center Drive, Cerritos, California 90703
9.	Address of Main Administrative Office:	12898 Towne Center Drive, Cerritos, California 90703
10.	Telephone Number:	(562) 924-8311
11.	HCSP's ID Number:	933-0079
12.	Principal Location of Books and Records:	12898 Towne Center Drive, Cerritos, California 90703
13.	Plan Contact Person and Phone Number:	Melissa Gee, (415) 972-8396
14.	Financial Reporting Contact Person and Phone Number:	James Carney, (562) 467-7795
15.	President:*	Robert Burton Elliott
16.	Secretary:*	Sharon Louise Rafter
17.	Chief Financial Officer:*	Elizabeth Margaret Russell
18.	Other Officers:*	Belinda Martinez, Vice President
19.		Philip Joseph Runnoe, Assistant Treasurer
20.		Melissa Kay Gee, Assistant Secretary
21.		
22.	Directors:*	Gary Dennis Radine
23.		Elizabeth Margaret Russell
24.		Michael Bernard Kaufmann
25.		Jerry Reid Holcombe
26.		Marilyn Godby Belek DMD
27.		Anthony Scott Barth
28.		
29.		
30.		
31.		

The officers listed on lines 15 through 17 of the health care service plan noted on line 2, being duly sworn, each for himself or herself, deposes and says that they are the officers of the said health care service plan, and that, for the reporting period stated above, all of the herein assets were the absolute property of the said health care service plan, free and clear from any liens or claims thereon, except as herein stated, and that these financial statements, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said health care service plan as of the reporting period stated above, and of its income and deductions therefrom for the period reported, according to the best of their information, knowledge and belief, respectively.

32. President	Robert Burton Elliott (please type for valid signature)
33. Secretary	Sharon Louise Rafter (please type for valid signature)
34. Chief Financial Officer	Elizabeth Margaret Russell (please type for valid signature)
* Show full name (initials not accepted) and indicate by sign (#) those officers and directors who did not occupy the indicated position in the previous statement.	
35. <input type="checkbox"/> if this is a revised filing, and complete question 7 on page 2:	
36. <input type="checkbox"/> Dollar amounts are reported in thousands (000), check here:	

Check My Work.

STATE OF CALIFORNIA  
DEPARTMENT OF MANAGED HEALTH CARE  
HEALTH CARE SERVICE PLAN

## QUARTERLY FINANCIAL REPORTING FORM

### SUPPLEMENTAL INFORMATION

		1
1.	Are <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No closures attached with this filing?	Yes
2.	Is the attached reporting form filed on a consolidated or consolidated or combining schedules.	Yes
3.	Is the plan required to file additional information (i.e. financial statements, claims reports, etc.) that is required by the Department?	No
4.	Have the Restricted Assets changed from the previous quarter? If "yes", complete Schedule A-2 (Restricted Assets).	No
5.	Are there significant changes reported on Schedule G, Section III?	No
6.	If "yes", describe:	
7.	If this is a revised reporting form, what is/are the reason(s) for the revision?	

## STATEMENT AS OF 3-31-2004 OF 933-0079 Private Medical-Care, Inc.

## REPORT #1 ---- PART A: ASSETS

1	2
<b>CURRENT ASSETS:</b>	Current Period
1. Cash and Cash Equivalents	6,311,365
2. Short-Term Investments	
3. Premiums Receivable - Net	2,312,286
4. Interest Receivable	2,012
5. Shared Risk Receivables - Net	
6. Other Health Care Receivables - Net	194,193
7. Prepaid Expenses	528,052
8. Secured Affiliate Receivables - Current	12,340,755
9. Unsecured Affiliate Receivables - Current	10,753
10. Aggregate Write-Ins for Current Assets	0
11. TOTAL CURRENT ASSETS (Items 1 to 10)	21,699,416
<b>OTHER ASSETS:</b>	
12. Restricted Assets	346,105
13. Long-Term Investments	967,227
14. Intangible Assets and Goodwill - Net	
15. Secured Affiliate Receivables - Long-Term	
16. Unsecured Affiliate Receivables - Past Due	3,646,313
17. Aggregate Write-Ins for Other Assets	24,437
18. TOTAL OTHER ASSETS (Items 12 to 17)	4,984,082
<b>PROPERTY AND EQUIPMENT</b>	
19. Land, Building and Improvements	
20. Furniture and Equipment - Net	795,404
21. Computer Equipment - Net	519,549
22. Leasehold Improvements -Net	520,137
23. Construction in Progress	954,075
24. Software Development Costs	14,138,788
25. Aggregate Write-Ins for Other Equipment	0
26. TOTAL PROPERTY AND EQUIPMENT (Items 19 to 25)	16,927,953
27. TOTAL ASSETS	43,611,451
<b>DETAILS OF WRITE-INS AGGREGATED AT ITEM 10 FOR CURRENT ASSETS</b>	
1001.	
1002.	
1003.	
1004.	
1098. Summary of remaining write-ins for Item 10 from overflow page	
1099. TOTALS (Items 1001 thru 1004 plus 1098)	0

<b>DETAILS OF WRITE-INS AGGREGATED AT ITEM 17 FOR OTHER ASSETS</b>	
1701. Deposit	24,437
1702.	
1703.	
1704.	
1798. Summary of remaining write-ins for Item 17 from overflow page	
1799. TOTALS (Items 1701 thru 1704 plus 1798)	24,437
<b>DETAILS OF WRITE-INS AGGREGATED AT ITEM 25 FOR OTHER EQUIPMENT</b>	
2501.	
2502.	
2503.	
2504.	
2598. Summary of remaining write-ins for Item 25 from overflow page	
2599. TOTALS (Items 2501 thru 2504 plus 2598)	0

## STATEMENT AS OF 3-31-2004 OF 933-0079 Private Medical-Care, Inc.

## REPORT #1 ---- PART B: LIABILITIES AND NET WORTH

1	2	3	4
<b>CURRENT LIABILITIES:</b>	Current Period		
	Contracting	Non-Contracting	Total
1. Trade Accounts Payable	1,896,130	XXX	1,896,130
2. Capitation Payable	0	XXX	0
3. Claims Payable (Reported)	1,156,925	74,765	1,231,690
4. Incurred But Not Reported Claims	4,308,658	494,748	4,803,406
5. POS Claims Payable (Reported)			0
6. POS Incurred But Not Reported Claims			0
7. Other Medical Liability			0
8. Unearned Premiums	8,037,003	XXX	8,037,003
9. Loans and Notes Payable		XXX	0
10. Amounts Due To Affiliates - Current	1,448,196	XXX	1,448,196
11. Aggregate Write-Ins for Current Liabilities	0	0	0
12. TOTAL CURRENT LIABILITIES (Items 1 to 11)	16,846,912	569,513	17,416,425
<b>OTHER LIABILITIES:</b>			
13. Loans and Notes Payable (Not Subordinated)		XXX	0
14. Loans and Notes Payable (Subordinated)		XXX	0
15. Accrued Subordinated Interest Payable		XXX	0
16. Amounts Due To Affiliates - Long Term		XXX	0
17. Aggregate Write-Ins for Other Liabilities	8,201,249	XXX	8,201,249
18. TOTAL OTHER LIABILITIES (Items 13 to 17)	8,201,249	XXX	8,201,249
19. TOTAL LIABILITIES	25,048,161	569,513	25,617,674
<b>NET WORTH</b>			
20. Common Stock	XXX	XXX	
21. Preferred Stock	XXX	XXX	
22. Paid In Surplus	XXX	XXX	
23. Contributed Capital	XXX	XXX	
24. Retained Earnings (Deficit)/Fund Balance	XXX	XXX	17,993,777
25. Aggregate Write-Ins for Other Net Worth Items	XXX	XXX	0
26. TOTAL NET WORTH (Items 20 to 25)	XXX	XXX	17,993,777
27. TOTAL LIABILITIES AND NET WORTH	XXX	XXX	43,611,451
<b>DETAILS OF WRITE-INS AGGREGATED AT ITEM 11 FOR CURRENT LIABILITIES</b>			
1101.			0
1102.			0
1103.			0
1104.			0
1198. Summary of remaining write-ins for Item 11 from overflow page			0
1199. TOTALS (Items 1101 thru 1104 plus 1198)	0	0	0
<b>DETAILS OF WRITE-INS AGGREGATED AT ITEM 17 FOR OTHER LIABILITIES</b>			
1701. Accrued Retirement Benefits	4,475,102	XXX	4,475,102
1702. Accrued Payroll	3,306,429	XXX	3,306,429
1703. Deferred Compensation	419,718	XXX	419,718
1704.		XXX	0
1798. Summary of remaining write-ins for Item 17 from overflow page		XXX	0
1799. TOTALS (Items 1701 thru 1704 plus 1798)	8,201,249	XXX	8,201,249

DETAILS OF WRITE-INS AGGREGATED AT ITEM 25 FOR OTHER NET WORTH ITEMS			
2501.		XXX	XXX
2502.		XXX	XXX
2503.		XXX	XXX
2504.		XXX	XXX
2598.	Summary of remaining write-ins for Item 25 from overflow page	XXX	XXX
2599.	TOTALS (Items 2501 thru 2504 plus 2598)	XXX	XXX0

## STATEMENT AS OF 3-31-2004 OF 933-0079 Private Medical-Care, Inc.

## REPORT #2: REVENUE, EXPENSES AND NET WORTH

	1	2
	Current Period	Year-To-Date
<b>REVENUES:</b>		
1. Premiums (Commercial)	34,643,330	34,643,330
2. Capitation		
3. Co-payments, COB, Subrogation		
4. Title XVIII - Medicare		
5. Title XIX - Medicaid		
6. Fee-For-Service		
7. Point-Of-Service (POS)		
8. Interest	160,355	160,355
9. Risk Pool Revenue		
10. Aggregate Write-Ins for Other Revenues	676,400	676,400
11. TOTAL REVENUE (Items 1 to 10)	35,480,085	35,480,085
<b>EXPENSES:</b>		
<b>Medical and Hospital</b>		
12. Inpatient Services - Capitated		
13. Inpatient Services - Per Diem		
14. Inpatient Services - Fee-For-Service/Case Rate		
15. Primary Professional Services - Capitated	17,057,761	17,057,761
16. Primary Professional Services - Non-Capitated	5,658,139	5,658,139
17. Other Medical Professional Services - Capitated		
18. Other Medical Professional Services - Non-Capitated		
19. Non-Contracted Emergency Room and Out-of-Area Expense, not including POS		
20. POS Out-Of-Network Expense		
21. Pharmacy Expense - Capitated		
22. Pharmacy Expense - Fee-for-Service		
23. Aggregate Write-Ins for Other Medical and Hospital Expenses	700,542	700,542
24. TOTAL MEDICAL AND HOSPITAL (Items 12 to 23)	23,416,442	23,416,442
<b>Administration</b>		
25. Compensation	5,830,696	5,830,696
26. Interest Expense	0	0
27. Occupancy, Depreciation and Amortization	1,578,981	1,578,981
28. Management Fees		
29. Marketing	1,451,042	1,451,042
30. Affiliate Administration Services	1,785,866	1,785,866
31. Aggregate Write-Ins for Other Administration	921,358	921,358
32. TOTAL ADMINISTRATION (Items 25 to 31)	11,567,943	11,567,943
33. TOTAL EXPENSES	34,984,385	34,984,385
34. INCOME (LOSS)	495,700	495,700
35. Extraordinary Item		
36. Provision for Taxes		
37. NET INCOME (LOSS)	495,700	495,700
<b>NET WORTH:</b>		
38. Net Worth Beginning of Period	17,498,077	17,498,077

39.	Audit Adjustments		
40.	Increase (Decrease) in Common Stock		
41.	Increase (Decrease) in Preferred Stock		
42.	Increase (Decrease) in Paid in Surplus		
43.	Increase (Decrease) in Contributed Capital		
44.	Increase (Decrease) in Retained Earnings:		
45.	Net Income (Loss)	495,700	495,700
46.	Dividends to Stockholders		
47.	Aggregate Write-Ins for Changes in Retained Earnings	0	0
48.	Aggregate Write-Ins for Changes in Other Net Worth Items	0	0
49.	NET WORTH END OF PERIOD (Items 38 to 48)	17,993,777	17,993,777



## STATEMENT AS OF 3-31-2004 OF 933-0079 Private Medical-Care, Inc.

## REPORT #2: REVENUE, EXPENSES AND NET WORTH

1	2	3
	Current Period	Year-to-Date
<b>DETAILS OF WRITE-INS AGGREGATED AT ITEM 10 FOR OTHER REVENUES</b>		
1001. Administrative Income	676,400	676,400
1002.		
1003.		
1004.		
1005.		
1006.		
1098. Summary of remaining write-ins for Item 10 from overflow page		
1099. TOTALS (Items 1001 thru 1006 plus 1098)	676,400	676,400
<b>DETAILS OF WRITE-INS AGGREGATED AT ITEM 23 FOR OTHER MEDICAL AND HOSPITAL EXPENSES</b>		
2301. Quality Assurance	700,542	700,542
2302.		
2303.		
2304.		
2305.		
2306.		
2398. Summary of remaining write-ins for Item 23 from overflow page		
2399. TOTALS (Items 2301 thru 2306 plus 2398)	700,542	700,542
<b>DETAILS OF WRITE-INS AGGREGATED AT ITEM 31 FOR OTHER ADMINISTRATIVE EXPENSES</b>		
3101. Other Administrative Expense	921,358	921,358
3102.		
3103.		
3104.		
3105.		
3106.		
3198. Summary of remaining write-ins for Item 31 from overflow page		
3199. TOTALS (Items 3101 thru 3106 plus 3198)	921,358	921,358
<b>DETAILS OF WRITE-INS AGGREGATED AT ITEM 47 FOR CHANGES IN RETAINED EARNINGS</b>		
4701.		
4702.		
4703.		
4704.		
4705.		
4706.		
4798. Summary of remaining write-ins for Item 47 from overflow page		
4799. TOTALS (Items 4701 thru 4706 plus 4798)	0	0
<b>DETAILS OF WRITE-INS AGGREGATED AT ITEM 48 FOR CHANGES OF OTHER NET WORTH ITEMS</b>		
4801.		
4802.		
4803.		
4804.		
4805.		
4806.		
4898. Summary of remaining write-ins for Item 48 from overflow page		
4899. TOTALS (Items 4801 thru 4806 plus 4898)	0	0

**REPORT #3: STATEMENT OF CASH FLOWS**

1	2	3
	Current Period	Year-to-Date
<b>CASH FLOW PROVIDED BY OPERATING ACTIVITIES</b>		
1. Group/Individual Premiums/Capitation	36,127,876	36,127,876
2. Fee-For-Service		
3. Title XVIII - Medicare Premiums		
4. Title XIX - Medicaid Premiums		
5. Investment and Other Revenues	835,995	835,995
6. Co-Payments, COB and Subrogation		
7. Medical and Hospital Expenses	-23,997,389	-23,997,389
8. Administration Expenses	-10,715,445	-10,715,445
9. Federal Income Taxes Paid		
10. Interest Paid		
11. NET CASH PROVIDED BY OPERATING ACTIVITIES	2,251,037	2,251,037
<b>CASH FLOW PROVIDED BY INVESTING ACTIVITIES</b>		
12. Proceeds from Restricted Cash and Other Assets		
13. Proceeds from Investments		
14. Proceeds for Sales of Property, Plant and Equipment		
15. Payments for Restricted Cash and Other Assets	-16,390	-16,390
16. Payments for Investments	-180,756	-180,756
17. Payments for Property, Plant and Equipment	-390,811	-390,811
18. NET CASH PROVIDED BY INVESTING ACTIVITIES	-587,957	-587,957
<b>CASH FLOW PROVIDED BY FINANCING ACTIVITIES:</b>		
19. Proceeds from Paid in Capital or Issuance of Stock		
20. Loan Proceeds from Non-Affiliates		
21. Loan Proceeds from Affiliates		
22. Principal Payments on Loans from Non-Affiliates		
23. Principal Payments on Loans from Affiliates		
24. Dividends Paid		
25. Aggregate Write-Ins for Cash Provided by Financing Activities	0	0
26. NET CASH PROVIDED BY FINANCING ACTIVITIES	0	0
27. NET INCREASE (DECREASE) IN CASH (Items 11, 18 & 26)	1,663,080	1,663,080
28. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE QUARTER	4,648,285	4,648,285
29. CASH AND CASH EQUIVALENTS AT THE END OF THE QUARTER	6,311,365	6,311,365
<b>RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>		
30. Net Income	495,700	495,700
<b>Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities</b>		
31. Depreciation and Amortization	955,498	955,498
32. Decrease (Increase) in Receivables	1,216,054	1,216,054
33. Decrease (Increase) in Prepaid Expenses	247,925	247,925
34. Decrease (Increase) in Affiliate Receivables	-217,215	-217,215
35. Increase (Decrease) in Accounts Payable	-126,998	-126,998
36. Increase (Decrease) in Claims Payable and Shared Risk Pool	-535,119	-535,119
37. Increase (Decrease) in Unearned Premium	268,492	268,492
38. Aggregate Write-Ins for Adjustments to Net Income	-53,300	-53,300
39. TOTAL ADJUSTMENTS (Items 31 through 38)	1,755,337	1,755,337
40. NET CASH PROVIDED BY OPERATING ACTIVITIES (Item 30 adjusted by Item 39 must agree to Item 11)	2,251,037	2,251,037
<b>DETAILS OF WRITE-INS AGGREGATED AT ITEM 25 FOR CASH FLOW PROVIDED BY FINANCING ACTIVITIES</b>		
2501.		
2502.		
2503.		
2598. Summary of remaining write-ins for Item 25 from overflow page		
2599. TOTALS (Items 2501 thru 2503 plus 2598)	0	0

DETAILS OF WRITE-INS AGGREGATED AT ITEM 38 FOR ADJUSTMENTS TO NET INCOME		7
3801. Accrued Payroll	-307,408	-307,408
3802. Accrued Retirement	220,438	220,438
3803. Other Receivable	321,319	321,319
3898. Summary of remaining write-ins for Item 38 from overflow page	-287,649	-287,649
3899. TOTALS (Items 3801 thru 3803 plus 3898)	-53,300	-53,300

This page is no longer in use.

This page is no longer in use.

**REPORT #4: ENROLLMENT AND UTILIZATION TABLE****TOTAL ENROLLMENT**

1 Source of Enrollment	2 Total Enrollees At End of Previous Period	3 Additions During Period	4 Terminations During Period	5 Total Enrollees at End of Period	6 Cumulative Enrollee Months for Period	Total Member Ambulatory Encou	
						7 Physicians	8 Non-Physicians
1. Group (Commercial)	918,863	12,560	61,403	870,020	2,650,023		176,908
2. Medicare Risk				0			
3. Medi-Cal Risk				0			
4. Individual	90,404	746	3,446	87,704	261,333		17,446
5. Point of Service				0			
6. Aggregate write-ins for Other	0	0	0	0	0	0	0
7. Total Membership	1,009,267	13,306	64,849	957,724	2,911,356	0	194,354
DETAILS OF WRITE-INS AGGREGATED AT ITEM 6 FOR OTHER SOURCES OF ENROLLMENT							
601. Small Group				0			
602. Healthy Families				0			
603. AIM				0			
604. Medicare Cost				0			
605. ASO				0		N/A	N/A
606. PPO				0			
607.				0			
608.				0			
609.				0			
610.				0			
611.				0			
612.				0			
Summary of remaining write-ins for							
698. Item 6 from overflow page				0			
Totals (lines 601 through 612 plus							
699. 698) (Line 6 above)	0	0	0	0	0	0	0



**SCHEDULE A-1 (CASH)**

1	2	3
Name of Depository (List all accounts even if closed during the period)	Account Number	Balance*
1. Wells Fargo Bank 10200CA	4031-054380	1,380,199
2. Wells Fargo Bank 10200TX	4031-049398	822,462
3. Wells Fargo Bank 10400CA	2300148117	3,568,076
4. Wells Fargo Bank 10200NV	4589-619303	247,593
5. Wells Fargo Bank 10200UT	4031-056674	288,020
6. Fleet Bank 10300CA	000-197-2077	2,015
7. Others		
8.		
9. Total Cash on Deposit		6,308,365
10. Cash on Hand (Petty Cash)		3,000
11. Total Cash on Hand and on Deposit (Report #1, Part A, Line 1)		6,311,365

**SCHEDULE A-2 RESTRICTED ASSETS**

1	2	3
Name of Depository (List all accounts even if closed during period)	Account Number	Balance*
12. Wells Fargo Bank	1031698020	50,000
13. Chase Bank of Texas	88805177219	150,000
14. Wells Fargo Bank	2201306400	30,000
15. First Union National Bank	807200751	99,715
16. Bank Of America	590034062	16,390
17.		
18.		
19. Total Restricted Assets		346,105

\* Indicate the Balance Per the HMO's Records

\*\*



## STATEMENT AS OF 3-31-2004 OF 933-0079 Private Medical-Care, Inc.

**SCHEDULE C - PREMIUMS RECEIVABLE (Other than Affiliates)**

Individually list all debtors (commercial only) with account balances greater than 5% of gross Premiums Receivable. Group the total of all other premiums receivables and enter the total on the line titled, "Aggregate Accounts Not Individually Listed."

	1 Name of Debtor	2 1-30 Days	3 31-60 Days	4 61-90 Days	5 Over 90 Days	6 Total
1.	Aggregate Accounts Not Individually Listed	1,358,789	795,452	158,045		2,312,286
2.						0
3.						0
4.						0
5.						0
6.						0
7.						0
8.						0
9.						0
10.						0
11.						0
12.						0
13.						0
14.						0
15.						0
16.						0
17.						0
18.						0
19.						0
20.						0
21.						0
22.						0
23.						0
24.						0
25.						0
26.						0
27.						0
28.						0
29.						0
30.						0
31.						0
32.						0
33.						0
34.						0
35.						0
36.						0
37.						0
38.						0
39.						0
40.						0
41.						0
42.						0
43.						0
44.						0
45.						0
46.						0
47.						0

48.					0
49.					0
50.					0
51.					0
52.					0
53.					0
54.	Aggregate Accounts Not Individually Listed				0
55.	Total	1,358,789	795,452	158,045	0
					2,312,286

\*\*

## STATEMENT AS OF 3-31-2004 OF 933-0079 Private Medical-Care, Inc.

**SCHEDULE D**  
**HEALTH CARE RECEIVABLES &**  
**AMOUNTS DUE FROM PARENT, SUBSIDIARIES, AND AFFILIATES**

Individually list all debtors with account balances greater than 10% of gross Receivables. Group the total of all other receivables and enter the total on the line titled, "Aggregate Accounts Not Individually Listed."

	1 Name of Debtor	2 1-30 Days	3 31-60 Days	4 61-90 Days	5 Over 90 Days	6 Total
1.	Delta Dental Insurance Company			3,646,313		3,646,313
2.						0
3.						0
4.						0
5.						0
6.						0
7.						0
8.						0
9.						0
10.						0
11.						0
12.						0
13.						0
14.						0
15.						0
16.						0
17.						0
18.						0
19.						0
20.						0
21.						0
22.						0
23.						0
24.						0
25.						0
26.						0
27.						0
28.						0
29.						0
30.						0
31.						0
32.						0
33.						0
34.						0
35.						0
36.						0
37.						0
38.						0
39.						0
40.						0
41.						0
42.						0
43.						0
44.						0
45.						0

46.					0
47.					0
48.					0
49.					0
50.					0
51.					0
52.					0
53.					0
54.	Aggregate Accounts Not Individually Listed				0
55.	Total	0	0	3,646,313	0
					3,646,313

\*\*

## STATEMENT AS OF 3-31-2004 OF 933-0079 Private Medical-Care, Inc.

## SCHEDULE F - ACCOUNTS PAYABLE

Individually list all creditors with account balances greater than 5% of total trade accounts payable. Group the total of all other payables and enter it as "Aggregate Accounts Not Individually Listed - Due." Report accounts payable from the initial date of billing or due date under column

1 Name of Debtor		2 1-30 Days	3 31-60 Days	4 61-90 Days
1.	Aggregate Accounts Not Individually Listed - Due	1,896,130		
2.				
3.				
4.				
5.				
6.				
7.				
8.				
9.				
10.				
11.				
12.				
13.				
14.				
15.				
16.				
17.				
18.				
19.				
20.				
21.				
22.				
23.	Aggregate Accounts Not Individually Listed - Due			
24.	Total	1,896,130	0	0

\*\*

the total on the line titled, "Aggregate Accounts Not  
ontract.

5 91-120 Days	6 Over 120 Days	7 Total
		1,896,130
		0
		0
		0
		0
		0
		0
		0
		0
		0
		0
		0
		0
		0
		0
		0
		0
		0
		0
		0
		0
		0
		0
		0
		0
0	0	1,896,130





**SCHEDULE G - UNPAID CLAIMS ANALYSIS**  
**SECTION I - CLAIMS UNPAID**

Type of Claim	1 Reported Claims in Process of Adjustment	2 Estimated Incurred but Unreported	3 Total - Unpaid Claims (Columns 4+5 of Section II)
1. Inpatient Claims			0
2. Physician Claims			0
3. Referral Claims			0
4. Other Medical	1,231,690	4,803,406	6,035,096
5. TOTAL	1,231,690	4,803,406	6,035,096

**SECTION II - ANALYSIS OF CLAIMS UNPAID - PREVIOUS YEAR (FILE ANNUAL ONLY)**

1 Type of Claim	Claims Paid During the Fiscal Year		Unpaid Claims During the Fiscal Year		6 Total Claims (Paid and Unpaid) for the Previous Fiscal Year (2+4)	7 Estimated Liability of Unpaid Claims Prior to the first day of the Prior Year
	2 On Claims Incurred Prior to the first day of the Current Fiscal Year	3 On Claims Incurred During the Fiscal Year	4 On Claims Unpaid Prior to the first day of the Previous Fiscal Year	5 On Claims Incurred During the Year		
6. Inpatient Claims					0	
7. Physician Claims					0	
8. Referral Claims					0	
9. Other Medical					0	
10. TOTAL	0	0	0	0	0	0

**SECTION III - INVENTORY OF CLAIMS TO BE PROCESSED\***

1 Month Ending	2 Beginning Balance Number of Claims in inventory on the 1st of each month	3 Add - Claims Received during the month	4 Deduct - Claims paid during the month	5 Deduct - Claims denied during the month	6 Add/Deduct - Adjustments	7 Ending Balance Number of claims in inventory at the end of the month
11. January	7,843	19,072	16,024	2,418	-268	8,205
12. February	8,205	16,008	16,820	2,503	-243	4,647
13. March	4,647	20,892	18,758	2,812	-82	3,887
14.						0
15.						0
16.						0
17.						0
18.						0
19.						0
20.						0
21.						0
22.						0
23.						0

\* Describe any significant changes reported on Schedule G, Section III in the Supplemental Schedule (Page 2).

\*\*

**STATEMENT AS OF 3-31-2004 OF 933-0079 Private Medical-Care, Inc.**

**SCHEDULE H - AGING OF ALL CLAIMS**

Age all claims on hand at the end of each month. Use the date of receipt to determine the number of days the claims is outstanding. The amount reported in Column 6 should equal the amount Reported on Schedule G, Section III, Column 7.

1.	1 Month Ending	2 1-30 Days	3 31-60 Days	4 61-90 Days	5 Over 90 Days	6 Total
2.	January	8,205				8,205
3.	February	4,647				4,647
4.	March	3,887				3,887
5.	April					0
6.	May					0
7.	June					0
8.	July					0
9.	August					0
10.	September					0
11.	October					0
12.	November					0
13.	December					0

\*\*

**STATEMENT AS OF 3-31-2004 OF 933-0079 Private Medical-Care, Inc.**

**SCHEDULE I - ANALYSIS OF TOTAL MEDICAL LIABILITY TO ACTUAL CLAIMS PAID**

Using the Plan's Lag Tables, complete the following table. Provide claim information the current quarter and the previous seven quarters. An actuarial certification may be submitted in lieu of this schedule.

Reported Accrual				
1	2	3	4	5
Quarter Ending Date	Total Medical Liability*	Amount Paid-To-Date	Difference - Column (2-3)	Outstanding Liability (Based on plan's lag
1. See Attached Actuarial Report		XXX	0	
2. On Sheet 4 Quarter			0	
3. Previous 2 Quarters			0	
4. Previous 3 Quarters			0	
5. Previous 4 Quarters			0	
6. Previous 5 Quarters			0	
7. Previous 6 Quarters			0	
8. Previous 7 Quarters			0	

\* Should tie to Report #1, Part B, Columns 1 & 2, Lines 3 through 7.

\*\*

1	
NOTES TO FINANCIAL STATEMENTS	
1.	Notes are on Sheets 1, 2 and 3 due to formatting issues
2.	
3.	
4.	
5.	
6.	
7.	
8.	
9.	
10.	
11.	
12.	
13.	
14.	
15.	
16.	
17.	
18.	
19.	
20.	
21.	
22.	
23.	
24.	
25.	
26.	
27.	
28.	
29.	
30.	
31.	
32.	
33.	
34.	
35.	
36.	
37.	
38.	
39.	
40.	
41.	
42.	
43.	
44.	
45.	
46.	
47.	
48.	
49.	
50.	
51.	
52.	
53.	
54.	
55.	
56.	
57.	
58.	
59.	

1	
OVERFLOW PAGE FOR WRITE-INS	
1.	OVERFLOW PAGE FOR WRITE-INS HAS BEEN MOVED TO SHEET 5 DUE TO FORMAT ISSUE
2.	
3.	
4.	
5.	
6.	
7.	
8.	
9.	
10.	
11.	
12.	
13.	
14.	
15.	
16.	
17.	
18.	
19.	
20.	
21.	
22.	
23.	
24.	
25.	
26.	
27.	
28.	
29.	
30.	
31.	
32.	
33.	
34.	
35.	
36.	
37.	
38.	
39.	
40.	
41.	
42.	
43.	
44.	
45.	
46.	
47.	
48.	
49.	
50.	
51.	
52.	
53.	
54.	
55.	
56.	
57.	
58.	
59.	

## STATEMENT AS OF 3-31-2004 OF 933-0079 Private Medical-Care, Inc.

**KNOX-KEENE**  
**SUPPLEMENTAL INFORMATION**  
**PURSUANT TO SECTIONS 1300.84.06, 1300.84.2 AND 1374.68**

	1	2	3	4	5
<b>A.</b>	<b>Explanation of the method of calculating the provision for incurred and unreported claims:</b>				
1.					
<b>B.</b>	<b>Accounts and Notes Receivable from officers, directors, owners or affiliates, as detailed below:</b>				
	<u>Name of Debtor</u>	<u>Nature of Relationship</u>	<u>Nature of Receivable</u>	<u>Amount</u>	<u>Terms</u>
2.	Delta Dental Insurance Company	Affiliate	Operational	3,646,313	30 days
3.	Delta Dental of Pennsylvania	Affiliate	Operational	10,753	30 days
4.					
5.					
6.					
<b>C.</b>	<b>Donated materials or services received by the reporting entity for the period of the financial statements, as detailed below:</b>				
	<u>Donor's Name</u>	<u>Affiliation with Reporting Entity</u>	<u>Valuation Method</u>	<u>Amount</u>	
7.					
8.					
9.					
10.					
11.					
<b>D.</b>	<b>Forgiven debt or obligations, as detailed below:</b>				
	<u>Creditor's Name</u>	<u>Affiliation with Reporting Entity</u>	<u>Summary of How Obligation Arose</u>	<u>Amount</u>	
12.					
13.					
14.					
15.					
<b>E.</b>	<b>Calculation of Tangible Net Equity (TNE) and Required TNE in accordance with Section 1300.76 of the Rules:</b>				
16.	Net Equity			\$	17,993,777
17.	Add: Subordinated Debt			\$	
18.	Less: Receivables from officers, directors, and affiliates			\$	5,752,247
19.	Intangibles			\$	
20.	Tangible Net Equity (TNE)			\$	12,241,530
21.	Required Tangible Net Equity (See Page 22)			\$	1,460,733
22.	TNE Excess (Deficiency)			\$	10,780,797
<b>F.</b>	<b>Percentage of administrative costs to revenue obtained from subscribers and enrollees:</b>				
23.	Revenue from subscribers and enrollees			\$	34,643,330
24.	Administrative Costs			\$	9,678,583
25.	Percentage				28
26.	The amount of health care expenses incurred during the six month period immediately preceding the date of the report which were or will be paid to noncontracting providers or directly reimbursed to subscribers and enrollees:			\$	322,059
27.	Total costs for health care services for the immediately preceding six months:			\$	42,384,764
28.	Percentage				1

		1
<p>G. If the amount of health care expenses incurred during the six month period immediately preceding the date of the report which <u>were or will be</u> paid to noncontracting providers or directly reimbursed to subscribers and enrollees exceeds 10% of the total costs for health care services for the immediately preceding six months, the following information, determined as of the date of the reports, shall be provided:</p>		
29. Amount of all claims for noncontracting provider services received for reimbursement but not yet processed:	\$	
30. Amount of all claims for noncontracting provider services denied for reimbursement during the previous 45 days:	\$	
31. Amount of all claims for noncontracting provider services approved for reimbursement but not yet paid:	\$	
32. An estimate of the amount of claims for noncontracting provider services incurred, but not reported:	\$	
33. Compliance with Section 1377(a) as determined in accordance with such section, as follows:		
34. Cash & cash equivalents maintained	\$	
35. Noncontracting provider claims (aggregate of total of items 29 - 32 above)	\$	0
36. Cash & cash equivalents reported to be maintained (120% x Line 35)	\$	0
37. Deposit required (100% of Line 36)	\$	0
38. Excess (deficient) reserves (Line 34 - Line 37)	\$	0
Percentage of premium revenue earned from point-of-service plan contracts:		
39. Premium revenue earned from point-of-service plan contracts	\$	
40. Total premium revenue earned	\$	
41. Percentage		0
Percentage of total health care expenditures incurred for enrollees for out-of-network services for point-of-service enrollees:		
42. Health care expenditures for out-of-network services for point-of-service enrollees	\$	
43. Total health care expenditures	\$	
44. Percentage		0
45. Point-of-Service Enrollment at end of period		
Total Ambulatory encounters for period for point-of-service enrollees:		
46. Physician		
47. Non-Physician		
48. Total		0
49. Total Patient Days Incurred for Point-of-Service enrollees		
50. Annualized Hospital Days/1000 for Point-of-Service enrollees		
51. Average Length of Stay for Point of Service enrollees		
52. Compliance with Section 1374.68(a) as follows:		
53. Current Monthly Claims Payable for out-of-network coverage or services provided under Point-of-Service Contracts:	\$	
54. Current monthly incurred but not reported claims balance for out-of-network coverage or services provided under Point-of-Service contracts	\$	
55. Total	\$	0
56. Total times 120%	\$	0
57. Deposit (Greater of Line 56 or minimum of \$200,000)	\$	



**STATEMENT AS OF 3-31-2004 OF 933-0079 Private Medical-Care, Inc.**

**REQUIRED TANGIBLE NET EQUITY (TNE) CALCULATION:**

TNE required must be equal to the GREATER of "A" "B" or "C" below (See Rule 1300.76)

		Full Service Plans	Specialized Plans
		1	2
<b>A.</b>	Minimum TNE Requirement	\$ 1,000,000	\$ 50,000
<b>B.</b>	REVENUES:		
1.	2% of the first \$150 million of annualized premium revenues	\$	2% of the first \$7.5 million of annualized premium revenue \$ 150,000
	Plus		Plus
2.	1% of annualized premium revenues in excess of \$150 million	\$	1% of annualized premium revenue in excess of \$7.5 million \$ 1,310,733
3.	Total	\$ 0	\$ 1,460,733
<b>C.</b>	HEALTHCARE EXPENDITURES:		
4.	8% of the first \$150 million of annualized health care expenditures, except those paid on a capitated or managed hospital basis.	\$	8% of the first \$7.5 million of annualized health care expenditures, except those paid on a capitated or managed hospital basis. \$ 600,000
	Plus		Plus
5.	4% of annualized health care expenditures in excess of \$150 million except those paid on a capitated or managed hospital payment basis.	\$	4% of annualized health care expenditures in excess of \$7.5 million except those paid on a capitated or managed hospital payment basis. \$ 717,389
	Plus		Plus
6.	4% of the annualized hospital expenditures paid on a managed hospital payment basis.	\$	4% of the annualized hospital expenditures paid on a managed hospital payment basis. \$
7.	Total	\$ 0	\$ 1,317,389
8.	Required "TNE" - Greater of "A" "B" or "C"	\$	Required "TNE" - Greater of "A" "B" or "C" \$ 1,460,733

**KNOX -KEENE  
SUPPLEMENTAL INFORMATION  
PURSUANT TO SECTIONS 1374.64**

**POINT OF SERVICE TANGIBLE NET EQUITY CALCULATION**

Calculation of Tangible Net Equity and required Tangible Net Equity in accordance with Section 1374.64:

	1	
1. Net Equity	\$	17,993,777
2. Add: Subordinated Debt	\$	
3. Less: Receivables from officers, directors, and affiliates	\$	
4. Intangibles	\$	
5. Tangible Net Equity (TNE)	\$	17,993,777
6. Required Tangible Net Equity (From Line 10 or 13 below)	\$	
7. TNE Excess (Deficiency)	\$	17,993,777
<b>ADJUSTED MINIMUM TANGIBLE NET EQUITY CALCULATION (Complete Section I or II):</b>		
<b>I. Plan is required to have and maintain TNE as required by Rule 1300.76 (a)(1) or (2):</b>		
8. Minimum TNE as calculated under Rule 1300.76 (a)(1) or (2)	\$	
9. 10% of annualized health care expenditures for out-of-network service for point-of-service enrollees	\$	
10. Add lines 8 and 9	\$	0
<b>II. Plan is required to have and maintain TNE as required by Rule 1300.76 (a)(3):</b>		
<b><u>PART A</u></b>		
11. Minimum TNE as recalculated to exclude annualized healthcare expenditures for out-of-network services for point-of-service enrollees (attach worksheet Page 24)	\$	
12. 10% of annualized health care expenditures for out-of-network services for point-of-service enrollees	\$	
13. Add lines 11 and 12	\$	0
<b>III. MINIMUM TNE REQUIREMENT TO DETERMINE MONTHLY REPORTING</b>		
14. Line 5 (above)	\$	17,993,777
15. Multiply Line 6 (above) by 130%	\$	0
16. Difference (Line 14 - Line 15)	\$	17,993,777
<b>If Line 14 is less than Line 15, then monthly reporting is required</b>		

## STATEMENT AS OF 3-31-2004 OF 933-0079 Private Medical-Care, Inc.

## WORKSHEET FOR ADJUSTED TANGIBLE NET EQUITY CALCULATION

	1 Full Service Plans	2 Specialized Plans
1. Health care expenditures for period	\$ <input type="text"/>	\$ <input type="text"/>
Less:		
2. Capitated or managed hospital payment basis expenditures	<input type="text"/>	<input type="text"/>
3. Health care expenditures for out-of-network services for point-of-service enrollees	<input type="text"/>	<input type="text"/>
4. Result	<input type="text" value="0"/>	<input type="text" value="0"/>
5. Annualized	<input type="text"/>	<input type="text"/>
6. Reduce to maximum of \$150 million	<input type="text"/>	<input type="text"/>
7. Multiply by 8%	\$ <input type="text" value="0"/>	\$ <input type="text" value="0"/>
Plus		
8. Annualized health care expenditures except those paid on a capitated or managed hospital payment basis and excluding health care expenditures for out-of-network services for point-of-service enrollees	\$ <input type="text"/>	\$ <input type="text"/>
9. Less \$150 million	<input type="text"/>	<input type="text"/>
10. Multiply by 4%	\$ <input type="text" value="0"/>	\$ <input type="text" value="0"/>
Plus		
11. Annualized hospital expenditures paid on a managed hospital payment basis and excluding health care expenditures for out-of-network services for point-of-service enrollees	\$ <input type="text"/>	\$ <input type="text"/>
12. Multiply by 4%	\$ <input type="text" value="0"/>	\$ <input type="text" value="0"/>
13. Total	\$ <input type="text" value="0"/>	\$ <input type="text" value="0"/>

## STATEMENT AS OF 3-31-2004 OF 933-0079 Private Medical-Care, Inc.

### A. NATURE OF ORGANIZATION

Private Medical-Care, Inc. ("The Company"), a tax-exempt, nonprofit California corporation, as well as Alpha Dental Programs, Inc. ("Alpha"), and two subsidiaries named DeltaCare Dental Plans, Inc. ("DCDP"), administer and underwrite prepaid dental and vision care programs. The consolidated financial statements of the Company include the accounts of these 100% owned subsidiaries. Intercompany transactions and balances have been eliminated.

### B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Estimates and Assumptions

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as revenues and expenses reported for the periods presented. The Company regularly assesses these estimates and while actual results may differ, management believes that these estimates are reasonable.

#### Cash and Temporary Investments

Cash and temporary investments consist of demand deposits and money market funds. Certificates of deposit with original maturities in excess of three months are classified separately as restricted assets.

#### Property and Equipment

Office furniture, equipment and computer systems are stated at cost and depreciated by the straight-line method over their estimated useful lives. Leasehold improvements are stated at cost and are amortized on the straight-line basis over the remaining life of the building lease.

#### Deferred Compensation Plan

The Company provides a deferred compensation plan, other than a pension plan, for certain management employees. Investments and liabilities related to these programs consist of participant contributions and investment income and are included in long-term investments and other liabilities.

#### Accrued Professional Services

Accrued physician and referral claims represent estimated unpaid provider services incurred prior to the end of the year and are estimated based upon claims experience. Adjustments resulting from revisions of these estimates are reported in the period in which the revisions are made.

### C. RELATED PARTY TRANSACTIONS

Delta Dental of California ("DDC") has the controlling membership and management contract with the Company. Under the contract, the Company receives management and consulting services from DDC. The fee for these services amounted to \$1,703,823 for 2003 and \$403,228 through March 31, 2004.

The Company participates in a defined benefit pension plan for DDC and its affiliates. The funding policy is to contribute annually not less than the minimum required by ERISA. The Company's pension expense was \$713,862 for 2003, and \$162,981 through March 31, 2004.

The Company maintains a demand deposit account with DDC for investment purposes. The balance is available when needed and earned 6.5% in 2003, based on returns obtained by DDPC. The Company's deposit was \$12,187,500 at December 31, 2003 and \$12,340,755 at March 31, 2004.

**STATEMENT AS OF 3-31-2004 OF 933-0079 Private Medical-Care, Inc.**

**D. POST-RETIREMENT HEALTH BENEFITS PLANS**

The Company participates in a post-retirement health benefit plan for DDC and its affiliates. The assumptions used in the measurement of the Company's benefit obligations for 2003 and 2002 are 8.0% and 8.0% discount rate, respectively, 4.5% to 5.5% compensation rate of increase, 9% expected long-term rate of return on assets and 13% health care rate of increase limited to 4% in 2003.

The accrued post-retirement benefit and accumulated post-retirement benefit obligation for the Company are summarized in the table below:

	2003	2002
Accumulated benefit obligations	<u>\$ 1,389,000</u>	<u>\$ 1,020,000</u>
Projected benefit obligations	1,389,000	1,020,000
Fair value of plan assets	<u>-</u>	<u>-</u>
Obligations in excess of assets	<u>\$ 1,389,000</u>	<u>\$ 1,020,000</u>
Accrued liability	<u>\$ 1,467,000</u>	<u>\$ 1,375,000</u>
	2003	2002
Service cost of benefits earned	\$ 116,000	\$ 134,000
Interest cost on projected benefit oblig	149,000	92,000
Expected return on plan assets	-	-
Amortization of unrecognized prior service cost and experience losses	31,000	17,000
Net periodic costs	<u>\$ 296,000</u>	<u>\$ 243,000</u>
Company contributions	<u>\$ -</u>	<u>\$ 7,000</u>
Employee contributions	<u>\$ -</u>	<u>\$ -</u>
Benefit payments	<u>\$ -</u>	<u>\$ 7,000</u>

**E. LEASE COMMITMENTS AND CONTINGENCIES**

The Company has various operating and capital leases for office facilities and equipment. Those contracts include a fifteen-year sublease for office facilities, which commenced in 1998. Rent expense in 2003, 2002 and 2001 was \$2,788,253, \$3,070,344 and \$2,866,281, respectively.

**F. TANGIBLE NET EQUITY**

The Company is regulated by the California Department of Managed Health Care and is required to maintain a minimum tangible net equity of approximately \$1,494,173 and \$1,460,733 at December 31, 2003 and March 31, 2004 respectively. Tangible net equity as defined is \$12,027,429 and \$12,421,530 at those dates.

**G. Subsidiaries**

The consolidated financial statements include results of the Company's national subsidiaries. Year to date results of the individual subsidiaries are:

<u>SUBSIDIARIES</u>	<u>ALPHA</u>	<u>DCDP (Nevada)</u>	<u>DCDP(Utah)</u>	<u>TOTAL</u>
Subscriber Revenue	\$1,237,280	\$105,832	\$16,509	\$1,359,621
Interest and Other Revenue	10,997	1,202	278	12,477
Total Revenue	<u>1,248,277</u>	<u>107,034</u>	<u>16,787</u>	<u>1,372,098</u>
Healthcare Expense	686,040	71,952	10,169	768,161
Administrative Expense	559,056	28,928	5,453	593,437
Total Expense	<u>1,245,096</u>	<u>100,880</u>	<u>15,622</u>	<u>1,361,598</u>
Net Gain / (Loss)	<u>\$3,181</u>	<u>\$6,154</u>	<u>\$1,165</u>	<u>\$10,500</u>
Assets	\$ 1,336,586	\$ 273,683	\$ 326,533	\$ 1,936,802
Liabilities	\$ 442,228	\$ 63,614	\$ 29,393	\$ 535,235
Equity	<u>\$ 894,358</u>	<u>\$ 210,069</u>	<u>\$ 297,140</u>	<u>\$ 1,401,567</u>



## STATEMENT AS OF 3-31-2004 OF 933-0079 Private Medical-Care, Inc.

## H. TANGIBLE NET EQUITY

The Company is regulated by the California Department of Managed Health Care and is required to maintain a minimum tangible net equity of approximately \$1,494,173 and \$1,460,733 at December 31, 2003 and March 31, 2004 respectively. Tangible net equity as defined is \$12,027,429 and \$12,421,530 at those dates.

Table 1 reflects the elimination of \$861,105 from Tangible Net Equity, which represents the minimum Capital and Risk Based Capital requirements and the restricted assets related to PMI's operations outside California.

TABLE 1  
EXCLUDES TX, UT, NV, & MD REQUIRED EQUITY AND RESTRICTED ASSETS

Net Worth as of March 31, 2004 (From Section I.A.)	\$ 17,993,777
Less: Receivables from officers, directors, and affiliates and 10% DDC investment	\$ (4,891,142)
Less; Minimum Risk Based Capital and restricted assets required by other states	<u>\$ (861,105)</u>
Tangible Net Equity	<u>\$ 12,241,530</u>
Required TNE as of March 31, 2004	<u>\$ 1,460,733</u>
Excess TNE as of March 31, 2004	<u><u>\$ 10,780,797</u></u>

Private Medical Care, Inc.

Minimum Capital, Risked Based Capital Requirements and Restricted Assets 3/31/2004

All Requirements

Maryland Restricted Assets	\$ 99,715
Texas Capital Requirements	\$ 500,000
Texas Restricted Assets	\$ 150,000
Nevada Capital Requirements	\$ 50,000
Nevada Restricted Assets	\$ 16,390
Utah Capital Requirements	\$ 15,000
Utah Restricted Assets	\$ 30,000
Total	<u><u>\$ 861,105</u></u>





STATEMENT AS OF 3-31-2004 OF 933-0079 Private Medical-Care, Inc.

## ACTUARIAL OPINION AND MEMORANDUM

For  
**Private Medical-Care, Inc.**  
 To the  
**California Department of Managed Health Care**  
**February 16, 2004**

I, Tracey Fortier, am the Actuary for Delta Dental Insurance Company (DDIC) and a member of the American Academy of Actuaries. I meet the Academy qualification standards for rendering this opinion and am familiar with the valuation requirements applicable to life and health insurance companies and health service corporations. I have been retained by Private Medical-Care, Inc. (PMI) to render this opinion of the 2003 annual statement. Delta Dental Plan of California holds the management contract for PMI and is the controlling shareholder of DDIC.

I have examined the actuarial assumptions and actuarial methods used in determining reserves and related actuarial items listed below, as shown in the annual statement of the company as prepared for filing with the state regulatory officials as of December 31, 2003.

Reserve for Claims:

Incurred but not reported (IBNR) for PMI: 5,163,706

I have relied upon the PMI Finance department for the substantial accuracy of the supporting data for the liabilities. I have examined the actuarial assumptions and methodologies used in the determination of the above reserves and I performed tests of the actuarial calculations.

The reserves stated above are held to cover liabilities for all claims whose payment amounts are based on provider agreements currently in effect. In my opinion, the reserves and related actuarial values concerning the statement items identified above:

- A) Are computed in accordance with accepted actuarial standards, consistently applied, and are fairly stated in accordance with sound actuarial principles;
- B) Are based on actuarial assumptions which produce reserves at least as great as those called for in any contract provision as to reserve and method, and are in accordance with all other contract provisions;
- C) Meet the requirements of the Insurance Law and regulation of the State of California and are at least as great as the minimum aggregate amount required by the state in which this statement is filed;
- D) Are computed on the basis of assumptions consistent with those used in computing the corresponding items in the annual statement of the preceding year-end;
- E) Include provision for all actuarial reserves and related statement items which ought to be established.

This filing is in compliance with the applicable laws of the state of California, the rules of the Department of Insurance, Actuarial Standards of Practice Nos. 5, 8, 16, and the Actuarial Standards of Practice for Financial Reporting Recommendation 10.

This statement is updated annually as required by statute. To the best of my knowledge, there have been no material changes from the applicable date of the annual statement to the date of the rendering of this opinion which should be considered in reviewing this opinion. The reserves previously held for Florida and Georgia, reported on this opinion last year, are being reported by the company in which the license is held.

This opinion is intended solely for the information and use of the Board of Directors and Management of PMI and for filing with the DMHC and should not be used for any other purpose.

Tracey C. Fortier, ASA, MAAA  
 Actuarial Consultant  
 35 Williams Avenue  
 Richmond Hill, GA 31324

(912) 596-2876





## STATEMENT AS OF 3-31-2004 OF 933-0079 Private Medical-Care, Inc.

## OVERFLOW PAGE FOR WRITE INS

## Page 7 Report #3 Statement of Cash Flow ( Direct Method)

	Current	YTD
Due to Affiliate	\$ (244,087)	\$ (244,087)
Accrued Capitation	\$ (45,828)	\$ (45,828)
Interest Receivable	\$ (760)	\$ (760)
Deposit	\$ 600	\$ 600
Note Receivable	\$ 2,426	\$ 2,426
Deferred Comp.	\$ -	\$ -
	<u>\$ (287,649)</u>	<u>\$ (287,649)</u>

**STATEMENT AS OF 3-31-2004 OF 933-0079 Private Medical-Care, Inc.**

**STATEMENT AS OF 3-31-2004 OF 933-0079 Private Medical-Care, Inc.**



**STATEMENT AS OF 3-31-2004 OF 933-0079 Private Medical-Care, Inc.**

**STATEMENT AS OF 3-31-2004 OF 933-0079 Private Medical-Care, Inc.**

**STATEMENT AS OF 3-31-2004 OF 933-0079 Private Medical-Care, Inc.**